



CONNECTICUT ACADEMY OF
FAMILY PHYSICIANS
CARING FOR CONNECTICUT'S FAMILIES

Statement in support of Raised Bill 429 –

An Act Concerning Most-Favored-Nation Clauses in Health Care Contracts

Public Health Committee

March 12, 2010

We would like to take this opportunity to commend this Committee for the steps that it has taken this year and in past years, in helping physicians level the playing field with managed care companies. We hope that you will continue to help us put a level of fairness in contracting with health insurers by passing Raised Bill 429.

As you are well aware, the past decade has brought numerous changes to the health care industry. More and more patients are covered by a managed care plan. In order to treat these patients, physicians must sign contracts with managed care companies. However, these contracts often contain provisions that are incredibly unfair to patients and physicians. One such provision is a most favored nation clause. Such clauses require providers to allow health care plans to match any lower reimbursement rate from another insurer. The plan does not have to beat the lower reimbursement, just match it. In effect, these clauses require providers to give the payor the lowest rate that it gives to any other comparable payor -- this can even include public payors. Such clauses have discouraged a competitive market and are unfair.

We have heard the argument that physicians have a choice whether to accept clauses such as most-favored nation or to whether to sign these contracts or not, but we really have no choice. Because of the MCOs strong market power, they have been able to virtually dictate the terms and conditions they offer physicians. In addition, because of federal anti-trust laws, physicians are unable to collectively negotiate the terms and conditions of these contracts.

Presently, physicians have no choice but to sign all or nothing agreements and have no power to remedy payment problems. We hope that this Committee will recognize the unfairness that currently exists and amend and pass this bill to afford protection from these practices.

For more information, please call:

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